

# CHECKLIST ENVIRONMENTAL ASSESSMENT

<b>Project Name:</b> ML&E Evaporation Pit	<b>Proposed Implementation Date:</b> Fall 2006
<b>Proponent:</b> Montana Land & Exploration Inc. 2100, 101 - 6 <sup>th</sup> Av. SW Calgary, Alberta T2P 3P4 Canada	
<b>Type and Purpose of Action:</b> To construct an on site earthen pit capable of containing 1000 bbl water volume at the below location. The reason for this action is based on economic gas production as determined through well dynamics.	
<b>Location:</b> T33N, R22E, Section 16: Lots 1, 2, 3, 4, W1/2, W1/2E1/2	<b>County:</b> Blaine

## I. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.	DNRC, MMB, Subsurface/Surface owner ML&E Inc. Proponent Tomas E. Green, Surface Lessee
2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:	Montana Board of Oil & Gas (Permit To Construct Or Operate An Earthen Pit) Rule 36.22.1223 (Fencing, Netting, & Screening Of Pits) Rule 36.22.1226 (Disposal Of Water)
3. ALTERNATIVES CONSIDERED:	Deny the request

## II. IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE	[Y/N] POTENTIAL IMPACTS
	N = Not Present or No Impact will occur. Y = Impacts may occur (explain below)
4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE: Are fragile, compactable or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations? Are cumulative impacts likely to occur as a result of this proposed action?	[N] This proposal will take place on northern glaciated plains. The general topography consists of low rough breaks. The soils are dominated by heavy clay textures. Reclamation requirements will be implemented at such time as well abandonment. Pit reclamation will require removal of liquids, pit backfilling, and reseeding to the mix and specifications outlined in the drill site assessment. Cumulative impacts are not anticipated as a result of this action.
5. WATER QUALITY, QUANTITY AND DISTRIBUTION: Are important surface or groundwater resources present? Is there potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] The objective of this proposal is to contain ground water derived from the Eagle Sands at intervals located between 1257' and 1480'. Well bore water chemistry is included with this assessment. Cumulative impacts are not likely to occur as a result of this proposal.

<b>II. IMPACTS ON THE PHYSICAL ENVIRONMENT</b>	
6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I air shed)? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There will be no impact to the air shed as a result of this proposal.
7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present? Are cumulative impacts likely to occur as a result of this proposed action?	[N] Vegetation will not be affected, as the proposed action is located within the existing drill pad. At the time of the field inspection the pad was void of vegetation.
8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] The water chemistry shows concentrated levels of sodium chloride. As evaporation increases these levels will exponentially increase. However, the proposal calls for the construction of a post and panel barrier around the pit, adjacent to the well site.
9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES: Are any federally listed threatened or endangered species or identified habitat present? Any wetlands? Sensitive Species or Species of special concern? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There are no endangered or threatened species or habitat present on this site.
10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?	[N] During the field inspection there were no historic sites found. The lease records also indicated no cultural sites present.
11. AESTHETICS: Is the project on a prominent topographic feature? Will it be visible from populated or scenic areas? Will there be excessive noise or light? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There are no prominent topographic features in the proposed area.
12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, and AIR OR ENERGY: Will the project use resources that are limited in the area? Are there other activities nearby that will affect the project? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There are basically only two major industries within this proposed area. They are agricultural and petroleum industries and both work quite well together.
13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract? Are cumulative impacts likely to occur as a result of other private, state or federal current actions w/n the analysis area, or from future proposed state actions that are under MEPA review (scoping) or permitting review by any state agency w/n the analysis area?	[N] None

<b>III. IMPACTS ON THE HUMAN POPULATION</b>	
<b>RESOURCE</b>	<b>[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES</b>
14. HUMAN HEALTH AND SAFETY: Will this project add to health and safety risks in the area?	[N] This project will not add to the health and safety of the area.
15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?	[Y] The results of this project will contribute to the industrial gas production of the area. This particular area is dependent upon both the petroleum and agricultural industries.
16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so, estimated number. Are cumulative impacts likely to occur as a result of this proposed action?	[N] This project will not create any new jobs, as the project will be completed in house by the proponent.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] This project will create tax revenue from the sale of continued natural gas production.
18. DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc) be needed? Are cumulative impacts likely to occur as a result of this proposed action?	[Y] There will be a temporary influx of traffic during the drilling phase of the project. This traffic will deflate after the work has been completed.
19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?	[N] None
20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES: Are wilderness or recreational areas nearby or accessed through this tract? Is there recreational potential within the tract? Are cumulative impacts likely to occur as a result of this proposed action?	[N] There are no wilderness or recreational sites accessed through this tract.
21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing? Are cumulative impacts likely to occur as a result of this proposed action?	[N] None
22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?	[N] None
23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?	[N] None
24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES: Is there a potential for other future uses for easement area other than for current management? Is future use hypothetical? What is the estimated return to the trust. Are cumulative impacts likely to occur as a result of this proposed action?	[Y] This project can benefit the State of Montana in terms of gas royalties produced from well production.

EA Checklist Prepared By: /S/ Steve Dobson  
Name

Range Specialist Date: 8-21-06  
Title

#### IV. FINDING

25. ALTERNATIVE SELECTED:

Grant Montana Land and Exploration Inc. authorization to install evaporation pit for the state 15-16 well.

26. SIGN4IFICANCE OF POTENTIAL IMPACTS:

The proposed evaporation pit is located on the existing drill pad. Negative environmental impacts are not expected. Mt DNRC BOOG has approved a permit to construct and operated an earthen pit. The evaporation pit will allow state 15-16 well to produce and will benefit the school trust in terms of increase royalty payments.

27. Need for Further Environmental Analysis:

☐ EIS    ☐ More Detailed EA    ☒ No Further Analysis

EA Checklist Approved By: Erik Eneboe Conrad Unit Manager - CLO  
Name Title

/S/ ERIK ENEBOE August 24, 2006  
Signature Date